

Dear Colleagues,

We are at the start of a year which will be crucially important in building the 'Go-To' bank at Barclays.

Next month I will be setting out the results of our strategic review, which has looked at all of our operations more thoroughly and from a broader perspective than we have previously done, and provides the blueprint for Barclays for at least the next decade. Ensuring that we have the right shaped business, both in terms of the returns we make for our shareholders, and the role we play in society, is of course vital to our future as an institution.

Today I am unveiling something which is equally fundamental to Barclays long term success – our new Purpose and Values. These represent the set of standards under which all of us at Barclays will work, and against which the performance of every one of us will be assessed and rewarded.

There is no doubt that 2012 was a difficult year for Barclays and the entire banking sector. Again financial institutions found themselves too often in the news for the wrong reasons. This damaged trust in banks, which was already at a low ebb, and overshadowed the excellent and valued work you do.

The behaviour which made those headlines in 2012 took place in the past. But it helped underline how banking as a whole had lost its way, and had lost touch with the values on which reputation and trust were built.

Over a period of almost 20 years, banking became too aggressive, too focused on the short-term, too disconnected from the needs of our customers and clients, and wider society. We were not immune at Barclays from these mistakes.

Over this period much great work was done right across our bank. We helped large numbers of customers and clients buy homes, grow businesses and save for their futures. But there was also a tendency at times, manifest in all parts of the bank, to pursue short-term profits at the expense of the values and reputation of the organisation. In doing so we damaged our ability to make long-term sustainable returns.

Let me be quite clear. The notion that there must always be a choice between profits and a values-driven business is false. Barclays will only be a valuable business if it is a values-driven business. Unless we operate to the highest standards and our stakeholders trust us to behave with integrity, no business - and certainly no financial institution - can continue to be successful. Nor do they deserve to be. There is no choice between integrity and profit in this business, and to pose them as opposites fundamentally misunderstands the problems the banking sector faces. This is the difference between generating short term profits and long term shareholder value.

Having a firm commitment throughout the business to strong values is not something I want to do for public relations or political benefit. It is not window dressing. It is simply how I will run Barclays and make it a more valuable and sustainable institution.

As part of the TRANSFORM programme, we have looked afresh at what we want to achieve and how we want to do it. We have reflected on our history - captured in the 'Made by Barclays' film we shared with you in December - which shows us what we can achieve when we are grounded in

strong values and a common goal. By remaining grounded and committed in that way we will create a bank that does the right thing for colleagues, customers and clients, our shareholders, and indeed all of our stakeholders. That is what will make us the 'Go-To' bank.

We have agreed a single cross-business Purpose for Barclays, and five core Values which underpin it. These are a product of extensive business-wide input and consultation, and the deliberations and drafting of the Executive Committee and the Senior Leadership Group.

Our Purpose is *helping people achieve their ambitions – in the right way*. Put simply this is the answer to the question 'What is Barclays for?' and it should guide our every action. By 'people' we of course mean our customers and clients, but more broadly every individual with a relationship to Barclays, including colleagues. The phrase 'in the right way' is a critical qualifier to our intent to help people achieve their ambitions. We will not compromise our values to do so, and nor do we need to.

The Values are *Respect, Integrity, Service, Excellence and Stewardship*.

So what, briefly, do these mean?

Respect means respecting and valuing those we work with – our colleagues and other partners. It is about building trust and promoting collaboration.

Integrity demands we act fairly, ethically and honestly. This requires us to have the courage always to do the right thing, never tolerating the wrong thing, and to be accountable for our decisions.

Service means ensuring our clients and customers are always uppermost in our minds. We must strive to exceed their expectations so we automatically become their 'Go-To' bank.

Excellence calls on us to use all our energy, skills and resources to deliver great service for our customers and clients and outstanding sustainable results for shareholders.

Stewardship is about being determined to leave things better than we found them, so we constantly strive to improve the way we operate as an organisation and the impact we have on society.

In many ways, agreeing these core values was the easy part. The difficult challenge is to ensure we live by them. Not just most of the time, but all of the time. Not just for most of us, but for everyone who works at Barclays.

Over the next few weeks, we will be training over a thousand colleagues so that they are able to explain the importance of our values to every single colleague in the bank, and how they must guide us in our decisions and delivery. This will help embed them throughout our business at every level.

If we are serious about making sure we believe in these values and live by them, then we also need to make sure they play a big part in how we measure and reward individual and business performance. Performance assessment will be based not just on what we deliver but on how we deliver it. We must never again be in a position of rewarding people for making the bank money in a way which is unethical or inconsistent with our values.

The new performance assessment approach will be introduced for senior leaders by the summer. It will be phased in for all employees over the following 12 months. In the meantime, all reviews will take account of performance against our values.

I have no doubt that the overwhelming majority of you, no matter in which area of the business or country you work, will enthusiastically support this move. But there might be some who don't feel they can fully buy in to an approach which so squarely links performance to the upholding of our values.

My message to those people is simple: Barclays is not the place for you. The rules have changed. You won't feel comfortable at Barclays and, to be frank, we won't feel comfortable with you as colleagues.

For all the rest of us, becoming the 'Go-To' bank in a highly competitive environment will be very demanding. It will require each of us to work harder to make Barclays a better bank, and we will only achieve this ambition if our values guide us in all our decisions. Having seen how much you care about our business, how disappointed you were that trust in the way we operate was damaged, and how hard you work for our customers and clients, I have no doubt you will rise to the challenge.

We have very good foundations on which to build. Through a prolonged difficult economic environment, our performance has been strong. Customer satisfaction rates have improved. We have a record of innovation not just in the services we provide but in how we serve our communities.

I can't pretend that 2013 will be an easy year. There is a great deal of hard work ahead. But I do believe it will be a fulfilling and successful 12 months. Sometimes we will falter, but the key will be that we make continuous progress. I am also confident, when you see the results of our strategic review on February 12, that you will be excited by what the future holds for this business.

Barclays has been around for 320 years. Its success and longevity has been based on integrity and its attention to customers and clients. When we have forgotten that, we have paid the price. If we combine the right values with the right strategy, we will build a more successful business not just this year but in the years and decades that follow.

Thank you for your continuing support.

Antony